

## Message Text

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43

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 SSO-00 NSCE-00 USIE-00

CIAE-00 PM-03 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 EB-07 COME-00 TRSE-00 AID-05 FEA-01

IO-10 INRE-00 /091 W

----- 063290

O R 251135Z MAY 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 4177

SECDEF WASHDC

INFO AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

DIA WASHDC

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EO 11652: NA

TAGS: EWWT ECRE EIND EG

SUBJECT: SUEZ CANAL TOLLS ANNOUNCED

1. ANNOUNCEMENT OF NEW SUEZ CANAL TOLLS BY SCA  
CHAIRMAN MASHOUR RECEIVED EXPECTED HEAVY PLAY  
IN ALL PAPERS MAY 24. RATES WERE REPORTEDLY SENT  
TELEGRAPHICALLY TO ALL MAJOR SHIPPING  
CONFERENCES AT APPROXIMATELY SAME TIME AND HAVE  
ALSO BEEN CARRIED BY WIRE SERVICES. ACTING DATT  
ATTENDED PRESS CONFERENCE AT WHICH ANNOUNCEMENT  
WAS MADE.

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2. NEW UNIFIED TRANSIT RATES HAVE BEEN SET AT 1.611 SPECIAL DRAWING RIGHT (SDR) UNITS (APPROXIMATELY \$2) PER SUEZ CANAL NET TON (SCNT) FOR TANKERS, BULK CARRIERS AND COMBINED CARRIERS; 1.772 SDR UNITS (\$2.20) FOR OTHER VESSELS, AND 1.289 SDR UNITS (\$1.60) FOR VESSELS IN BALLAST AND WARSHIPS. PRE-67 SURCHARGE OF FIVE PERCENT ON VESSELS IN BALLAST IS CANCELLED. SCNT DIFFERS SLIGHTLY FROM NET TONNAGE AS NORMALLY USED IN MARITIME AFFAIRS ACCORDING TO MASHOUR, AND IS CALCULATED ON BASIS OF NUMBER OF 100 CUBIC FOOT UNITS OF CARGO CAPACITY. HE SAID ONE SCNT EQUATES TO ABOUT TWO DEADWEIGHT TONS.

3. ABOVE RATES REPRESENT 100 PERCENT INCREASE OVER 1967 TOLLS FOR LOADED VESSELS, AND 90 PERCENT FOR THOSE IN BALLAST. MASHOUR SAID SCA EXPECTS REVENUES TO REACH \$450 MILLION PER YEAR WHEN CANAL IS FULLY OPERATIVE, COMPARED TO \$250 MILLION BEFORE 1967 WAR, BECAUSE SHIPS ARE BIGGER NOW, OFFSETTING FACT THAT PERHAPS FEWER WILL USE CANAL.

4. MASHOUR STRESSED THAT RATES WERE DEVELOPED WITH ASSISTANCE OF SEVERAL FOREIGN CONSULTING FIRMS (NORWEGIAN, FRENCH, BRITISH, JAPANESE) AS WELL AS LOCAL EXPERTS, IN EFFORT TO INSURE THAT CANAL WOULD SERVE AND BENEFIT ENTIRE WORLD AS WELL AS EGYPT, BY MAKING IT ECONOMICALLY ATTRACTIVE TO SHIPPERS. NO CHANGES ARE CONTEMPLATED IN RATES, HE SAID, UNLESS THERE ARE MAJOR CHANGES IN PRICE OF OIL OR INSURANCE RATES. GOE WOULD TAKE STEPS TO COORDINATE TOLLS WITH PRICES CHARGED BY SUMED PIPELINE WHEN IT BEGINS OPERATIONS (IN 1977), SO THAT THERE WILL NOT BE COMPETITION BETWEEN THEM.

5. CANAL IS NOT ONLY CLEANER THAN MOST PORTS AND HARBOURS IN WORLD, IT IS ALSO PERFECTLY SAFE, LIMITED OFFICIAL USE

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BASED ON REPORTS FROM BRITISH AND FRENCH MINEHUNTERS. MASHOUR SAID HE HOPES THAT INSURANCE COMPANIES WILL RECOGNIZE MOTIVATION OF EGYPT IN REOPENING CANAL TO WORLD TRAFFIC AND ADJUST RATES ACCORDINGLY. HE THEN INTRODUCED DENNIS MARTIN JENKINS, CHAIRMAN OF INTERNATIONAL CHAMBER OF SHIPPING, WHO ANNOUNCED THAT NO DECISION ON INSURANCE RATES FOR SHIPS HAS BEEN REACHED,

ALTHOUGH RATES FOR CARGOS HAVE BEEN  
PUBLISHED. IN RESPONSE TO A QUESTION AS TO ESTIMATES  
OF HOW MANY SHIPS ARE EXPECTED TO USE CANAL,  
JANKINS SAID NO ONE WILL KNOW UNTIL "VERY  
COMPLICATED RULES" JUST ANNOUNCED HAD BEEN  
ASSIMILATED, BUT HE EXPECTS A RATE SIMILAR TO THAT  
PRIOR TO 1967.

6. COMMENT: SCA WILL ACCEPT "ALL CONVENTIONALLY  
AGREED UPON MEANS OF PAYMENT" TO FACILITATE OPERATIONS AND  
WILL ISSUE REGULATIONS ON THE SUBJECT PRIOR TO  
JUNE 5 OPENING. ADDITIONAL REGULATIONS ARE EXPECTED  
TO CLARIFY OTHER ASPECTS OF CANAL OPERATIONS.

7. AT THIS STAGE, ESTIMATES OF EXPECTED  
REVENUES FROM CANAL ARE LARGELY GUESSWORK, AND  
PROBABLY REPRESENT GROSS RATHER THAN NET INCOME.  
WE UNDERSTAND THAT OFT-CITED PRE-67 FIGURE OF  
\$250 MILLION INCOME FROM CANAL DOES NOT REFLECT  
FACT THE FOREIGN EXCHANGE COSTS OF OPERATION  
WERE ON ORDER OF \$80-90 MILLION. EGYPT  
DESPERATELY NEEDS HARD CURRENTLY EARNINGS, HOWEVER,  
AND WHATEVER CANAL CAN PRODUCE WILL BE BENEFICIAL.

8. IN RELATED MOVE, PEOPLE'S ASSEMBLY REPORTEDLY  
PASSED LAW ON MAY 24 SETTING UP SCA AS INDEPENDENT  
CORPORATE BODY, FREED FROM ALL RESTRICTIONS  
ON SALARIES, CUSTOMS, IMPORTS, ETC., THAT APPLY TO  
OTHER GOVERNMENTAL ENTITIES. LAW STATES THAT SCA  
MAY NOT ADOPT ANY MEASURE CONFLICTING WITH  
CONVENTION OF 1888, GRANT ANY VESSEL OR PERSON  
BENEFITS OR PRIVILEGES NOT GRANTED OR GIVE  
PREFERENTIAL TREATMENT TO ANY CLIENT. RELATIONSHIP  
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(IF ANY) OF ABOVE TO QUESTION OF TRANSIT BY  
ISRAELI CARGOS IS NOT CLEAR AT THIS TIME.  
AESTRONE

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## Message Attributes

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